

# Memorandum

To: All Legislators

From: Representative Cindi Duchow and Senator Tom Tiffany

Date: *January 15, 2016*

Re: Co-Sponsorship of LRB 3831/ (Senate number pending): Assessing certain items as real property for property tax purposes

## **DEADLINE: Tuesday, January 19, at 5pm:**

The personal property tax has long been a burden on small businesses across the state. As they will attest, the time and cost associated with filling out the personal property tax forms has proven just as onerous as paying the tax itself.

Furthermore, some pieces of property are confusingly classified by the DOR as personal property when they clearly should be real property. To remedy this, we used the “tricky items” section in the DOR Property Assessment Manual to identify the pieces of property that have no justification being on the list. For example, theater seats have no reason to be personal since they are bolted to the ground and part of the real property. This bill would take 11 of the most disputed pieces of personal property (list below) and convert their classification to real property. Tax laws and definitions should not be so complicated that those who are supposed to comply cannot easily decipher them. This bill would provide clarity for assessors and businesses owners alike because now the most confusing items would be squarely in one camp or the other. No longer would one municipality define an item as one thing and another municipality define that same item as another.

Most importantly, next tax season business owners would no longer have to fill out tax forms for those 11 items that were once personal property because now they would be real property. It would reduce the headache on small businesses and decrease their compliance costs because they would no longer have to claim as many items as personal property.

**This bill has no fiscal impact.** Instead of paying taxes on personal property, these individuals would now pay the same tax rate on real property—minus the hassle of additional tax forms and compliance costs. Fiscal estimate attached.

**To sign onto the bill, please contact Rep. Duchow’s office (6-3007) or Sen. Tiffany’s office (6-2509) by 5pm, Tuesday, January 19.**

Items to be changed to real property: Cooking ranges, Furnaces, Water heaters used for a special purpose; Communications, radio station, and television station towers; Pinspotters, Car wash

equipment, Indoor theater seats, Aboveground tanks, Surface mounted lifts used to provide automotive services, Alarm systems, Surveillance systems